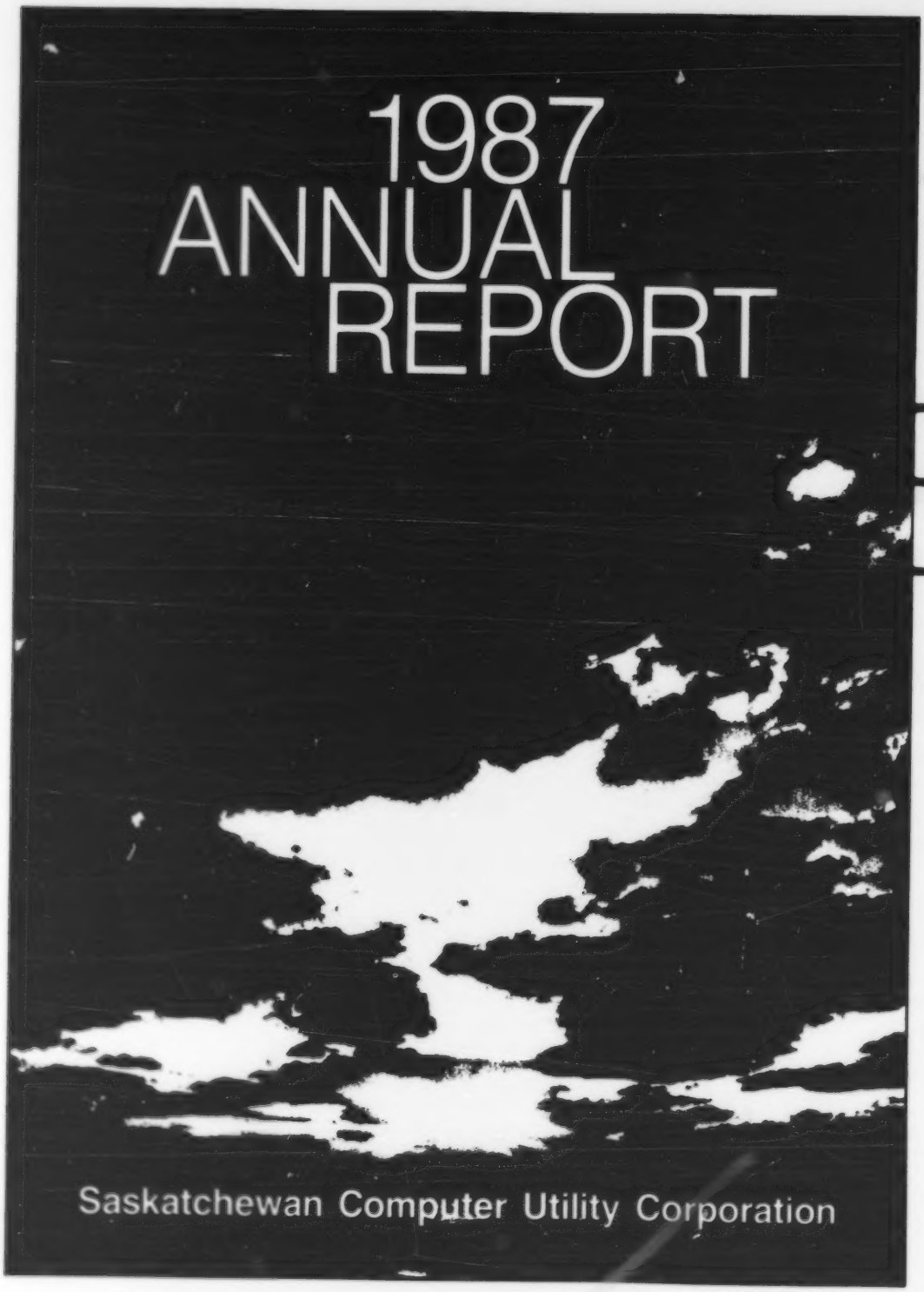
1987 ANNUAL REPORT



Saskatchewan Computer Utility Corporation

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SaskCOMP

The Corporation

The Saskatchewan Computer Utility Corporation (SaskCOMP) is a Crown Corporation of the Province of Saskatchewan. It was established by Order in Council in January, 1973 and confirmed by legislation in May, 1973 by the Saskatchewan Computer Utility Corporation Act.

The Board of Directors, appointed by the provincial government, determines policy and objectives for the Corporation. The Board consists of twelve members, plus the Secretary of the Board, and represents a broad spectrum of Saskatchewan residents.

SaskCOMP provides data processing services to governments, institutions and industry. The Corporation's wide range of skills serve the processing, applications consulting, training, maintenance, and security needs of its customers. To date, SaskCOMP's management team has generated rapid growth and reasonable profits in each fiscal year of operation.

Letter of Transmittal

March 15, 1988
Regina, Saskatchewan

To His Honour
The Honourable Frederick W. Johnson
Lieutenant Governor of the
Province of Saskatchewan

Sir:

I have the honour to submit herewith the annual report of the Saskatchewan Computer Utility Corporation for the year ending December 31, 1987 including the financial statements for the year audited by Thorne Ernst & Whinney, Chartered Accountants, and in the form approved by the Treasury Board, all in accordance with the Saskatchewan Computer Utility Act. I have the honour to be, Sir, your obedient servant.

Honourable J. Gary Lane
Minister-In-Charge

Honourable J. Gary Lane, Q.C.
Minister-In-Charge
Saskatchewan Computer Utility
Corporation

Highlights of 1987

- 1987 revenues increased 19% over the fiscal year 1986, growing to $32 million.
- Computer Services signed a Facilities Management Agreement with one of the Corporation's largest customers.
- A corporate reorganization occurred in the second quarter, which resulted in 50% of the staff changing their role within the organization.
- On April 1 the Systems Division of the Saskatchewan Property Management Corporation merged with SaskCOMP, becoming the Application Services Division.
- Secore expanded the IBM™ disaster recovery hot site in Saskatoon, the UNISYS™ hot site in Calgary, and opened a communications hub site in Vancouver.
- Staff developed a corporate philosophy and set of principles. Attention is focused on sound business decisions, personal initiative, and customer service.
- Computer Services consolidated MVS services at Regina Regional.
- Our Development Incentive Policy proved successful in attracting $1,621,000 of new business.

Chairman's Message

SaskCOMP continued to show excellent financial results in 1987. The Corporation grew and continued to implement the corporate strategy formulated in 1986. It is the Corporation's intention to address the many facets of information technology to the benefit of the public and private sectors.

Major product development in 1987 occurred in the areas of Facilities Management Services, Information Services, Communications, and Systems Integration. In addition, the merger of Systems Division from the Saskatchewan Property Management Corporation greatly expanded SaskCOMP's application consulting service.

The Corporation showed its enviable ability to adapt to organizational and operational change when it implemented a major reorganization in June. This adaptability is one of SaskCOMP's strengths and is key to succeeding in our high technology industry.

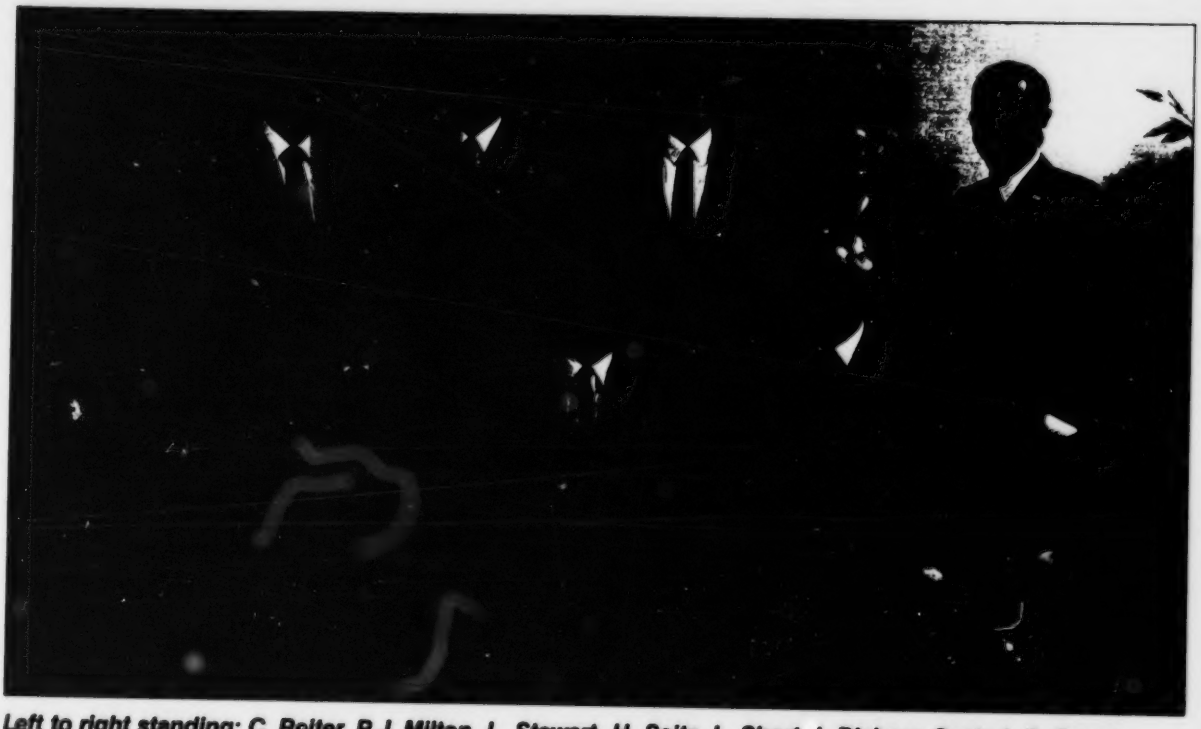
In 1987, the Board of Directors increased by one member. Mr. Otto Cutts, President of the Saskatchewan Property Management Corporation, joined the Board in October. Mr. Cutts brings with him many years of valuable experience in the data processing industry.

Finally, I would like to express my appreciation to the Board and to the Corporation's staff for their efforts throughout the year. It is my hope that during 1988 the Corporation, and all those associated with it, will continue to meet the challenges of building a stronger and more competitive company.

D. Gavin Koyl
Chairman of the Board

D. Gavin Koyl, Chairman

Board of Directors



Left to right standing: C. Reiter, R.J. Milton, L. Stewart, H. Seitz, L. Short, I. Disbery. Seated: E. Gaunt, Hon. J. Gary Lane, D. Gavin Koyl, O. Cutts, D.L. Birkmaier.

J. Cailes

E.J.C. Dudley

Honourable J. Gary Lane, Minister-In-Charge.

D. Gavin Koyl, Chairman of the Board, President, Koyl Commercial Real Estate, Regina.

Ian Disbery, Secretary, Saskatchewan Crown Investments Corporation.

R.J. Milton, Chairman, Audit Committee, Chartered Accountant, Regina.

Donna Birkmaier, Public Accountant, Saskatoon.

Jean Cailes, Homemaker, Shell Lake.

Otto Cutts, President, Saskatchewan Property Management Corporation, Regina.

E.J.C. Dudley, Chartered Accountant, Regina.

Ellen Gaunt, Business Woman, Saskatoon.

Carol Reiter, Homemaker, Luseland.

H. Seitz, Farmer, Zehner.

Lynn Short, Real Estate Agent, Saskatoon.

Lyle Stewart, Farmer, Pense.

President's Report

Gerald B. Thom, President

SaskCOMP continues to grow and to succeed in providing a positive return on investment for the Province of Saskatchewan. Corporate revenues in 1987 reached an all time high of $32 million, a 19% increase over 1986. A profit of $3,443,000 was realized in 1987, up from the $1,881,000 of 1986.

Adapting to Change

SaskCOMP's activities in 1987 focused on building a foundation for the changes required to assure positive financial returns in the years to come. The market place is pressuring our industry into providing more diverse yet fully integrated services. This new climate requires changing and adapting our business practises for the future.

One of the significant steps taken by SaskCOMP to adapt to change was to develop a corporate philosophy and set of principles. These have led the Corporation to self-directed work teams, increased employee responsibility, less traditional management, a greater focus on customers, and a stable and harmonious union-management environment.

The Corporation and its Union made considerable progress in developing the "Continuing Dialogue" program in 1987. Continuing Dialogue is the forum for all union-management relations, including collective bargaining. The program is unique and fully supported by management and union employees.

In the second quarter of 1987, SaskCOMP undertook a reorganization which saw 50% of the staff change their role within the Corporation. This massive and complex move occurred very smoothly, thanks to the cooperation of the entire staff. The reorganization is a commitment of our human resources to meet changes in customer needs and industry technology.

Customers Needs: Meeting the Challenge

In 1987 SaskCOMP continued to give special attention to the pre-sales activities initiated in 1986. We doubled our sales force and put a high priority on the training and development of the sales team.

Our greatest challenge is to understand the information technology needs of an increasingly sophisticated customer community. Today's solutions can require the integration of many diverse and specialized services. SaskCOMP eagerly accepts the challenge.

SaskCOMP is pleased with the contribution its products make to our customers' success, and strives to deliver maximum value for their technology dollar.

President's Report (continued)

Expanded Services

On April 1 the Systems Division of the Saskatchewan Property Management Corporation merged with SaskCOMP, becoming the Application Services Division. This move added sixty-six highly skilled staff to the organization.

The merger expands SaskCOMP's activity in strategic planning, feasibility studies, assistance in 'Request for Information' and 'Request for Proposal' preparation, project management, quality assurance, and systems delivery and support.

Shared Services continued to be our strongest offering with revenues increasing 9% in 1987 to $25,005,000. Online transactions were down slightly in 1987, but batch processing workload increased 16%. The number of terminals connected to SaskCOMP increased 25%, breaking the 4,000 terminal connections mark.

Encouraging gains were made in the number of accesses to the Consumer and Commercial Affairs database, established as a joint effort in 1986, and in the number of subscribers to our electronic messaging services.

SaskCOMP installed the product Soft-Switch™ in mid-1987. Soft-Switch™ facilitates the distribution of electronic messages between many otherwise incompatible computer systems.

Two new communications options were introduced in 1987: Extended Port Communications, and Datapac™ Access. Both provide easy-to-use, cost effective access to SaskCOMP Shared Services. Many customers can achieve significantly lower communications costs and enhanced service by using these products.

Facilities Management Services

The most significant new product in 1987 was our Facilities Management Service developed to complement existing Shared Services. Facilities Management offers customers the option to choose from SaskCOMP and other sources to achieve the optimum combination of services for their computing environment.

SaskCOMP has always recognized the value of sharing costly resources. Facilities Management provides the benefits of sharing without the compromises necessary in a shared environment. Service criteria and level of support are controlled by the customer. In effect, the customer leverages SaskCOMP's strengths to their advantage.

In 1987, Facilities Management signed its first customer.

Efficient Operations

Improved efficiency and productivity are an ongoing objective of the Corporation, both for itself and for its customers. Consolidation of Regina and Saskatoon MVS computer services in Regina has resulted in significant operational savings, while giving customers access to a much broader range of services than previously available.

Increased demand for services required the IBM 4341™ processor to be upgraded to an IBM 4341-N12™ in January, and the IBM 3081-KX™ processor to be replaced with an IBM 3090-200E™ in December. IBM's newly announced 3380K disk technology was installed along with the IBM 3090-200E™.

Further operational improvements are expected from our Automated Operations research. Automated job scheduling, one stop problem resolution services at our Help Desk, and streamlined master console procedures are a few of the improvements achieved in 1987.

Disaster Recovery Highlights

As organizations increase their dependency on computerized information, the need for backup and recovery services becomes increasingly important.

President's Report (continued)

In 1987, Secore, an affiliate, provided disaster recovery hot sites for IBM™ and UNISYS™ equipment, and the telecommunications network to link the hot sites to the customer's recovery network. The Disaster Recovery Planning System, a proprietary software consulting product developed by Secore, proved to be the foundation from which future consulting and disaster recovery revenues will be won.

Twelve new customers signed disaster recovery service contracts in 1987. SaskCOMP is the second major company to provide this service in Canada.

The Team

During the year, I had the pleasure of welcoming two new members to SaskCOMP's executive management team: Mr. Robert J. McInnes as Vice President, Finance, and Mr. J. William Adams as Vice President, Human Resources. Both gentlemen are highly experienced professionals and have contributed much in a very short time. SaskCOMP anticipates a long and successful association with them.

The year 1987 placed significant demands on our Board of Directors. To the Honourable J. Gary Lane, Minister-In-Charge, to Mr. D. Gavin Koyl, Chairman of the Board, and to the Board of Directors, your support and guidance is greatly appreciated.

The Corporation's achievements are and have always been due to the cooperation and ingenuity of our employees. Their loyalty and desire to excel are the future of the Corporation. This we gratefully acknowledge.

Gerald B. Thom
President

Management Report

The financial statements of the Saskatchewan Computer Utility Corporation have been prepared by corporate management in accordance with generally accepted accounting principles, and necessarily include some amounts based on informed judgement and management estimates. Financial data presented elsewhere in this Annual Report is consistent with that in the financial statements.

The Corporation's independent auditors, Thorne Ernst & Whinney, have examined the financial statements of the Corporation. The scope of their examination, and their opinion on whether these financial statements present fairly the Corporation's financial position and operating results, are given in the Auditors' report.

Insuring the integrity and objectivity of financial information is an integral part of management's responsibility to the ongoing operation of the Corporation. Management maintains an appropriate system of internal accounting controls, policies, and procedures to provide reasonable assurance that all financial transactions are recorded on a timely basis with proper approvals, and result in reliable financial statements.

An Audit Committee, composed of members of the Board of Directors meets periodically with financial officers of the Corporation and the external auditors to review accounting practices and audit results. The auditors have free access to this Committee to discuss the results of their audit work, their opinion on the adequacy of internal financial controls, and the quality of the financial reporting.

The Board of Directors have reviewed and approved these financial statements for publication.

On behalf of the Saskatchewan Computer Utility Corporation,

Robert J. McInnes
Vice-President, Finance

Management Committee

Left to right standing: G. Fiske, V.P. Computer Services; R. Nell, V.P. Corporate Development; Wm. Adams, V.P. Human Resources; Seated: T. Dagg, V.P. Administration; G. Thom, President; R. McInnes, V.P. Finance.

Operations Review

- Revenue generated by shared processing and related services increased 9% over 1986.
- Application Services provided customers with 8,106 person days of consulting services in the last nine months of 1987.
- Facilities Management Services were developed, and the first customer was signed.
- Regina and Saskatoon MVS services were consolidated at Regina Regional.
- Online transactions at Regina Regional averaged 9.6 million per month.
- Batch processing usage in 1987 amounted to 4,165 hours as measured in 3090 processing equivalents, up from 3,584 hours in 1986.
- Storage capacity at Regina and Saskatoon Regional amounted to 379 billion bytes on hard disk and the mass storage subsystem. This is a 9% increase over 1986.
- The number of magnetic tapes and cartridges in use at both centres increased 2% to 59,000 units by the end of 1987.
- The number of terminals accessing SaskCOMP centres at year-end amounted to 4,018 online terminals and 80 remote job entry stations.
- The IBM 4341™ at Saskatoon Regional was replaced in January with an IBM 4341-N12™ to improve VM/CMS™ and PROFS™ services.
- The IBM 3081-KX™ at Regina Regional was replaced with an IBM 3090-200E™ in December to improve MVS services.
- IBM's newly announced data storage technology, the 3380K, was installed in December along with the IBM 3090-200E™.
- Development Incentive contracts resulted in $1,621,000 of new Shared Services revenue.
- Automated Operations research resulted in improved master console procedures, the use of automated job scheduling, and Help Desk services.
- A 'development system' was established for Regina Regional that allows for more effective testing of operating system software changes, thereby increasing the services delivered and the availability of these services.
- Through various training programs, SaskCOMP provided 155 student days of training in 1987.
- The Corporation experienced no major security incidents during 1987.

Financial Review

- Revenues for 1987 reached $32,085,000, representing a 19% increase over 1986 revenues of $26,871,000.
- Profit for the year was up to $3,443,000 from the corresponding figure of $1,881,000 in 1986.
- Expenses in 1987 were $28,642,000 compared to $24,990,000 for 1986.
- Cash generated from operations in 1987 amounted to $1,994,000.
- Cash was used for debt repayment in the amount of $1,810,000 and $940,000 in dividend payments to Crown Investments Corporation.
- Fixed asset investments at year-end, at cost, amounted to $18,001,000, as compared to $17,170,000 at the end of 1986.

10 Year Record of Progress 1978-1987

Financial	**1987**	**1986**	**1985**	**1984**	**1983**	**1982**	**1981**	**1980**	**1979**	**1978**
Revenues ($000's)	32,085	26,871	22,410	22,654	23,077	21,705	16,748	12,814	9,857	8,845
Expenses ($000's)	28,642	24,990	20,054	17,016	20,581	18,501	16,190	12,343	9,798	7,883
Net Earnings ($000's)	3,443	1,881	2,356	5,638	2,496	3,204	558	471	59	962
Capital:										
- Equity ($000's)	9,318	7,597	6,656	5,599	2,780	2,674	2,804	2,804	2,804	2,804
- Long-term Debt ($000's)	2,458	3,406	1,091	0	787	4,011	5,341	4,807	4,350	2,866
Cash from Operating Activities ($000's)	1,994	4,958	2,567	8,622	6,035	7,211	6,093	5,551	4,908	4,841
Dividends declared ($000's)	1,722	940	1,178	2,819	2,390	3,208	558	471	59	1,067
Employees										
Number of Employees	259	192	167	164	166	159	156	149	142	126
Revenue per Employee ($000's)	124	140	134	138	139	137	107	86	69	71
Facilities										
Processing Power (Millions of Instructions Per Second)	86.0	70.3	32.3	27.9	25.0	25.0	16.1	12.7	7.9	5.1
Data Storage Capacity:										
— On-line (Billions of Bytes)	379	348	219	193	143	96	76	41	27	18
— Off-line (No. of Reels and Cartridges in 000's)	59	58	46	45	44	43	41	36	31	26
No. of On-line Terminals (Approx.)	4,018	3,204	2,976	1,525	1,259	978	706	405	249	189
No. of Remote Job Entry Stations	80	82	82	81	108	98	94	86	67	53

Auditors' Report

To the Members of the Legislative Assembly
Province of Saskatchewan

We have examined the balance sheet of the Saskatchewan Computer Utility Corporation as at December 31, 1987 and the statements of operations and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Corporation as at December 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The financial statements for the preceding year were examined by other chartered accountants, who expressed an unqualified opinion in their report dated February 26, 1987.

Thorne Ernst & Whinney

Chartered Accountants

Regina, Saskatchewan
March 3, 1988

	1987	1986
	(in thousands of dollars)	
ASSETS		
CURRENT ASSETS		
Cash	$ 225	—
Short-term deposits	1,000	3,600
Accounts receivable	4,966	5,047
Receivable from Secore Computers Inc.	2,352	77
Prepayments and supplies	930	618
	9,473	9,342
FIXED ASSETS (NOTE 2)	7,189	7,984
	$ 16,662	17,326
LIABILITIES AND PROVINCE'S EQUITY		
CURRENT LIABILITIES		
Bank indebtedness	$ —	885
Accounts payable	1,385	2,305
Dividend payable	1,722	940
Deferred revenue	283	449
Current portion of obligations under capital leases	1,496	1,744
	4,886	6,323
OBLIGATIONS UNDER CAPITAL LEASES (NOTE 3)	2,458	3,406
	7,344	9,729
PROVINCE OF SASKATCHEWAN'S EQUITY		
Advances (NOTE 4)	2,780	2,780
Retained earnings	6,538	4,817
	9,318	7,597
	$ 16,662	17,326

(See accompanying notes)

	1987	1986
	(in thousands of dollars)	
REVENUES		
Sales of products and services	$ 31,237	26,569
Other (NOTE 5)	848	302
	32,085	26,871
EXPENSES		
Operating costs other than those listed below	20,049	15,762
Rental of equipment	7,663	6,568
Depreciation and amortization	2,763	2,607
Interest	477	173
Recovery of expenses from Secore Computers Inc.	(2,310)	(120)
	28,642	24,990
NET EARNINGS	3,443	1,881
Retained earnings, beginning of year	4,817	3,876
	8,260	5,757
Dividend — Crown Investments Corporation of Saskatchewan	(1,722)	(940)
RETAINED EARNINGS, END OF YEAR	$ 6,538	4,817

(See accompanying notes)

	1987	1986
	(in thousands of dollars)	
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net earnings	$ 3,443	1,881
Add (deduct) items not requiring or generating cash:		
Depreciation and amortization	2,763	2,607
(Gain) loss on sales of fixed assets	(620)	135
	5,586	4,623
Change in non-cash operating working capital items	(3,592)	335
	1,994	4,958
FINANCING ACTIVITIES		
Dividends paid	(940)	(1,178)
Assumption of obligations under capital leases	614	4,031
Repayment of obligations under capital leases	(1,810)	(1,062)
	(2,136)	1,791
INVESTMENT ACTIVITIES		
Tenant inducement	—	1,112
Purchases of fixed assets	(2,250)	(7,010)
Proceeds from sales of fixed assets	902	68
	(1,348)	(5,830)
(DECREASE) INCREASE IN CASH POSITION	(1,490)	919
CASH POSITION, BEGINNING OF YEAR	2,715	1,796
CASH POSITION, END OF YEAR	$ 1,225	2,715

(Cash position is comprised of cash and short-term deposits less bank indebtedness.)

(See accompanying notes)

General

The Saskatchewan Computer Utility Corporation was established in 1973 under the Saskatchewan Computer Utility Corporation Act to provide computer and data processing services to the Government of Saskatchewan and its crown corporations and agencies. These services are also available to other enterprises.

The Corporation has been designated by Order-in-Council as a corporation to which the provisions of Part II of the Crown Corporations Act, 1978 apply. Accordingly, the financial results of the Corporation are included in the consolidated financial statements of the Crown Investments Corporation of Saskatchewan.

The Corporation by virtue of its status as a Crown Corporation of the Province of Saskatchewan is not subject to income tax.

Operating Activities

On October 1, 1986 SaskCOMP was employed as a Manager of the business activities of Secore Computers Inc. (Secore, formerly 579051 Saskatchewan Ltd.). Secore was established to provide computer disaster recovery services throughout Canada.

SaskCOMP and Secore are affiliated companies and related parties by way of common operating control by the Crown Investments Corporation of Saskatchewan. The companies are economically inter-dependent and under common management.

Virtually all assets used in Secore's business are owned or leased by SaskCOMP. SaskCOMP has charged Secore for the use of these assets and for other costs incurred on a cost recovery basis as follows:

	1987	1986
	(In thousands of dollars)	
Use of assets	$ 1,417	—
Other costs	893	120
	2,310	120
Less: payments	(35)	(43)
	2,275	77
Receivable from Secore, beginning of year	77	—
Receivable from Secore, end of year	$ 2,352	77

1. Significant Accounting Policies

a) Depreciation of Fixed Assets

Fixed assets are stated at cost and depreciated without residual value as follows:

Computer equipment — equipment used in the shared services offering — sum of the year's digits — one to six years — other computer equipment and associated software costs — straight-line — one to six years.

Office furniture and equipment — straight-line over ten years.

Leasehold improvements — straight-line over the lesser of ten years or the expected term of occupancy.

Equipment under capital leases — equipment acquired under capital leases is depreciated on the same basis as owned computer equipment.

b) Leases

The Corporation as lessor:
Leases are classified as operating or direct financing leases. For direct financing leases the Corporation, as lessor, records the proceeds of asset disposals and related net investment in leases receivable at the present value of the future minimum lease receipts. All other leases are classified as operating leases and lease payments are recorded as income.

The Corporation as lessee:
Leases which transfer substantially all of the benefits and risks incident to ownership are considered capital leases and the related asset and lease obligations are recorded at the present value of future minimum lease payments (less executory costs). All other leases are accounted for as operating leases and rental payments are expensed as incurred.

c) Deferred Revenue

Deferred revenue represents rebates received from suppliers. The rebates are amortized to operations by reducing the related computer equipment rental expense on a straight line basis over 36 months.

2. Fixed Assets

	Cost	Accumulated Depreciation and Amortization	1987 Net Book Value	1986 Net Book Value
		(in thousands of dollars)		
Computer equipment	$ 7,890	5,787	2,103	1,995
Equipment under capital leases	7,003	2,986	4,017	4,811
Office furniture & equipment	1,216	538	678	734
Leasehold improvements	1,892	1,501	391	444
	$ 18,001	10,812	7,189	7,984

Leasehold improvements are shown net of tenant inducements of $1,112,000.

3. Obligations Under Capital Leases

Future minimum lease payments under capital leases including the present value of the net minimum lease payments as at December 31 are:

	1987	1986
	(in thousands of dollars)	
1987	$ —	2,155
1988	1,810	1,651
1989	1,472	1,313
1990	788	629
1991	429	300
1992	18	—
Total minimum lease payments	4,517	6,048
Less amount representing interest*	563	898
Balance of obligation	3,954	5,150
Less current portion	1,496	1,744
	$ 2,458	3,406

*Floating interest rates which were initially set at rates varying from 8.27% to 10.50%.

4. Advances

Advances received from the Crown Investments Corporation of Saskatchewan are intended as long-term equity capitalization for the corporation. These advances are non-interest bearing with no fixed repayment terms.

5. Other Revenue

Included in other revenue are the following:

	1987	1986
	(in thousands of dollars)	
Earned finance revenue from leasing	$ 35	84
Investment revenue	193	353
Gain (loss) on sales of fixed assets	620	(135)
	$ 848	302

6. Commitments

a) The Corporation is committed to the following future minimum lease payments for premises and equipment:

	Premises	Equipment	Total
	(in thousands of dollars)		
1988	$ 1,717	5,256	6,973
1989	1,717	1,389	3,106
1990	1,525	615	2,140
1991	1,128	51	1,179
1992	—	5	5
	$ 6,087	7,316	13,403

In addition, in the event that the Corporation does not exercise its option to renew its head office premises lease for an additional five-year term commencing September 1, 1991, at approximately $1,027,580 per year, it is obligated to pay a penalty of $407,650 representing a repayment of a portion of previously received tenant inducements. In the event that this payment is required, it will be recorded as a charge to operations in the year paid.

b) As at December 31, 1987 the Corporation was committed in the amount of $10.6 million for the purchase of computer equipment to be financed by capital lease.

7. Related Party Transactions

Included in these financial statements are revenue and expense amounts resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan Crown controlled departments, agencies, and corporations with which the Corporation is related.

Account balances resulting from these transactions are included in the balance sheet and are settled on normal trade terms. Other amounts due to and from related parties and the terms of settlement are described separately in the financial statements and the notes thereto.

8. Subsequent Events

On February 23, 1988 following Cabinet approval, a series of mergers were consummated in accordance with the policy of the Government of Saskatchewan to provide for employee and public participation in certain Crown Corporations. These mergers involved the sale of all assets and operations of SaskCOMP to Secore, an affiliated Crown Corporation, and the sale of the combined assets and operations of Secore to a newly formed Saskatchewan Corporation, WESTBRIDGE Computer Corporation (WESTBRIDGE). Subsequently, certain assets and computer operations of Saskatchewan Telecommunications, a Crown Corporation were sold to WESTBRIDGE, in addition to all the shares of certain private sector companies — Mercury Graphics Corporation, Datacopi Inc., Western Micrographics Inc., Leasecorp Western Limited and 49% of the shares of Leasecorp Systems Limited.

8. Subsequent Events (continued)

Based upon the respective financial statements at December 31, 1987, of SaskCOMP and Secore the following represents the combined summarized balance sheet of both entities as at that date:

	$000
Current Assets	$ 7,387
Goodwill	693
Deferred Development Costs	396
Fixed Assets	7,347
	$ 15,823
Current Liabilities	$ 6,141
Deferred Revenue	283
Obligations under Capital Leases	2,458
Province of Saskatchewan's Equity:	
Advances	2,780
Retained Earnings	4,161
	$ 15,823

Consideration for the sale of the combined net assets of SaskCOMP and Secore on the closing date of February 24, 1988 was $16,750,000, consisting of $5,200,000 in notes payable on July 1, 1988, and class B common shares of WESTBRIDGE, with a stated value of $11,550,000. As a result Secore will own 33.5% of WESTBRIDGE.

The sale of the combined net assets of SaskCOMP and Secore as if the closing date had been on December 31, 1987 would have resulted in a gain for the Province of Saskatchewan of approximately $9,809,000.

9. Comparative Financial Information

Certain amounts have been reclassified to conform to the current year's presentation

Corporate Information

Offices:

HEAD OFFICE
1801 Hamilton Street
Regina, Saskatchewan
S4P 3V7

REGINA REGIONAL
3085 Albert Street
Regina, Saskatchewan
S4S 0B1

APPLICATION SERVICES
3475 Albert Street
3rd Floor East
Regina, Saskatchewan
S4S 6X6

SASKATOON REGIONAL
4600 Sedco Centre
15 Innovation Boulevard
Saskatoon, Saskatchewan

DISASTER RECOVERY SERVICES
Suite 403 - 300 - 5th Avenue S.W.
Calgary, Alberta

Audit Committee

R.J. Milton, Chairman

D. Gavin Koyl, Ex Officio Member

D.L. Birkmaier

E.J.C. Dudley

Corporate Management

Gerald B. Thom,
President

J. William Adams,
Vice-President, Human Resources.

M. Tom Dagg,
Vice-President, Administration.

Gerald A. Fiske,
Vice-President, Computer Services.

Robert J. McInnes,
Vice-President, Finance.

Robert D. Nell,
Vice-President, Corporate Development.

Auditors

Thorne Ernst & Whinney, Chartered Accountants, Regina, Saskatchewan

Legal Council

Whitmore & Company, Regina, Saskatchewan

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